

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

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CHIEF CLERK'S OFFICE

Ronald W. Johnson

vs.

Illinois Power Company

Docket No. 04-0191

REBUTTAL TESTIMONY

OF

RONALD W. JOHNSON

September 20, 2004

Q. Please state your name and business address for the record.

A. My name is Ronald W. Johnson. My business address is 777 Bradbury Lane,
Sparta, Illinois 62286.

Q. Are you the same Ronald W. Johnson who testified previously in this proceeding?

A. Yes, I am.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to the testimony of IP witness H. Gene Eagle. Although IP also submitted the testimony of Rick A. Law, who discussed the removal of the gas service at Lot 6, Kool Valley Mobile Home Park and the large hole in the ground left by the Company, IP has agreed to compensate me for the cost I incurred to repair the hole at Lot 6. As a result, it is my understanding that the Company will be withdrawing Mr. Law's testimony. Should I not receive a check from the Company reimbursing me for the \$595.00 I spent to have the hole filled, I reserve the right to respond to Mr. Law's testimony at a later date before the conclusion of this docket.

Q. At page 3 of his testimony, Mr. Eagle states that IP's Inactive Gas Service Retirement policy was developed to address the Company's obligations around inspection and monitoring inactive gas lines. Did the Company

explain what is meant by these “obligations around inspection and monitoring”?

- A. No, not specifically. I sent numerous data request trying to elicit some kind of detail about their “obligations around inspection and monitoring” inactive service lines, in order to clarify, from the Company’s perspective, what makes inactive services unsafe. The Company indicated that both inactive and active service lines “must be maintained and operated according to Federal and State regulations, which includes inspection and monitoring.” (IP Response to RJ-48). In response to a data request, the Company defined the word “maintained” as “observance for leakage, atmospheric corrosion and to correct any deficiencies associated with the service.” (IP response to RJ-59.)

- Q. Mr. Eagle implies at page 7 of his testimony that there are safety concerns with leaving an inactive gas service in the ground for an extended period of time. Has the Company explained with any specificity what makes an inactive service line less safe than an active line?**

- A. No, not exactly. In response to a data request I forwarded, the Company stated, “inactive services are not consistently monitored after the meter is removed and thus create uncertainty with regard to the safety and condition of the facility.” (IP response to RJ-50.) The Company has yet to spell out specifically what the differences are between the inspection and monitoring of inactive vs. active service lines. My attorney has been attempting to obtain this information from the Company. Another data request has been forwarded to the Company on this specific point, based on the Company’s responses to my most recent data

requests. I reserve the right to modify my rebuttal testimony upon receipt of this information.

Some responses received to date shed some light on how, and how often, inactive services are inspected and monitored. Data Request RJ-61 specifically asked how and how often inactive service lines are inspected and monitored. The Company responded by providing a copy of its Gas Leakage Survey policy and Corrosion Control policy. It is my understanding that these provisions apply to both inactive and active service lines. Under these provisions, a flame ionization gas leak survey is required once each calendar year, at intervals not to exceed 15 months, unless the primary fuel line can be proven to be cathodically protected or plastic. If a line is cathodically protected or plastic, then the time interval for such flame ionization gas leak surveys shall not exceed five years. (IP response to RJ-60.) It is my understanding that the checks conducted under IP's Leakage and Corrosion Control policies are done on both inactive and active service lines. This suggests that the inactivity of a service does not affect the frequency of Company checks on natural gas leakage and atmospheric corrosion. A copy of the Company's response to RJ-61 is attached as Appendix A to my Rebuttal testimony.

- Q. According to the Company, how often are inactive gas service lines inspected and monitored?**
- A.** As shown in the Company response attached as Appendix A, IP stated, "Cathodically protected gas service lines require a leak survey once every 5 years

and observance for atmospheric corrosion once every 3 years and generally inspected when the meter is read." Again, it is unclear from this response whether IP is referring to inactive or active service lines, since a meter is referenced.

Q. Is there any written study that supports IP's selection of the time periods for meter removal and service retirement of inactive services included in its Inactive Gas Service Retirement Policy?

A. No. In response to a data request, the Company indicated "there is no written study on the selection of these time periods." (IP response to RJ-54.) As I noted in my direct testimony, the Company stated in response to a data request that prior to the adoption of its "Inactive Gas Service Retirement Policy", gas service lines could be left in the ground some 10 years after the removal of a customer meter. (IP Response to Data Request RJ-38.) Mr. Eagle did not challenge that conclusion.

Q. Did the Company select the two- and three-year inactive gas service retirement dates in its Inactive Gas Service Retirement Policy based on a specific State or Federal requirement?

A. No. The Company indicated that no State or Federal regulation specifically requires that inactive services be retired "within three years from the date of the removal of the meter (IP Ex. 4.0 at 4)", as required in IP's Inactive Gas Service Retirement Policy. Instead, Mr. Eagle states that the Company chose these time periods because "Illinois Power views this as a reasonable balance between

leaving inactive services in the ground and the safety concerns associated with such practice.” (IP Ex. 4.0 at 7.)

- Q. In his explanation of the Company’s Inactive Gas Service Retirement Policy, Mr. Eagle states that IP representatives met with individuals from the Staff of the Illinois Commerce Commission in July of 2003, and that “IP’s approach to inactive gas service appeared to be clear and acceptable to those involved in this meeting.” (IP Ex. 4.0 at 3) Did either the ICC or the ICC Staff order or request IP to adopt its Inactive Gas Service Retirement Policy?**
- A. No.** In response to a data request, the Company indicated that *it* initiated the meeting that occurred in July of 2003, with the ICC Staff that resulted in the Informal Gas Service Retirement Policy.
- Q. Did the full Commission ever conduct hearings on the Company’s change in policy?**
- A. No.** This policy was apparently created informally, with no opportunity for public input or the inclusion of strict notice provisions. While it appears to have the approval of exactly three ICC employees (IP response to RJ-3), the full Commission never conducted hearings or issued a formal ruling on the matter.
- Q. Mr. Eagle states at page 7 of his testimony, as noted above, that the Company views a three-year period from the date of inactivity for the removal of an inactive service to be “a reasonable balance between leaving inactive services in the ground and the safety concerns associated with such practice.” (IP Ex.**

4.0 at 7.) Why do you take issue with the Company's application of its Inactive Gas Service Retirement Policy?

- A. I take issue with the policy, and doubt the sincerity of Mr. Eagle's assessment of the reasonableness of, and reasoning for, the policy for several reasons. Through my attorney, and in negotiations between the Company and me, I have repeatedly indicated my willingness to pay for a service that would allow the Company to come and monitor and inspect my inactive service lines to IP's satisfaction -- as often as meters are read on active service lines, if need be -- in order to avoid IP's retirement of inactive service lines within my Kool Valley Mobile Home Park. The Company refuses to offer such a service. An IP data request response confirming this position is attached to my rebuttal testimony as Appendix B. This position contradicts the Company's assertion that it is concerned about the frequency and nature of inactive service inspections.

As I noted in my direct testimony, it will cost me thousands of dollars to re-establish service at the various lot locations where gas service lines are now subject to retirement. Also, assuming the Company continues to fail to fill in and repair the damage done to the streets on my property when it retires gas service lines, I stand to incur thousands more in property repairs. Again, IP's current policy of retiring inactive gas service lines will put me out of business at Kool Valley Mobile Home Park, as well as my other two mobile home parks.

Second, as discussed in Mr. Steven Gasser's testimony (RJ Ex. 3.0), the Company apparently is in the business of charging individuals who, unlike me, actually *request* the retirement of gas service lines that have been inactive for

three or more years, thereby falling within the time requirements of the Inactive Gas Service Retirement Policy, despite the Company's testimony that the retirements are supposed to be done in the normal course of business for safety reasons. At a minimum, the practice of charging a landowner for the removal of a long inactive service runs contrary to the testimony supplied by Mr. Eagle that "the inactive gas policy was developed to address the company's obligations around inspection and monitoring inactive gas lines, not any obligation on the part of the customer." (IP Ex. 4.0 at 5.) If the Company asserts that it must enforce its Inactive Gas Service Retirement Policy for safety purposes, which has the effect of requiring me to pay \$837.00 to install a new gas service line at each lot in my park where it retires inactive services, it is contradictory to then charge a fee of \$321.00 to property owners who *request* the retirement of inactive service lines that fall under the IP Inactive Gas Service Retirement Policy. The Company should not be allowed to have it both ways.

The Company's application of its Inactive Gas Service Retirement Policy is also, apparently, completely arbitrary and discriminatory. Mr. Eagle testified that the meter was removed from my Lot 6 on or around May 11, 2001. On the other hand, the meter located on Mr. Gasser's property at 605 N. Vine was removed on or around March 15, 1999 – more than two years before the Lot 6 meter removal. As I understand it, it is the Company's position that inactive services are less safe than active services because they are not consistently monitored after the meter is removed and thus create uncertainty with regard to the safety and condition of the facility. I assume then that an inspection of the

service at Lot 6 would have occurred when the Company came out to both install and remove the meter at lot 6 in 2001. Any such inspection of Mr. Gasser's Vine property would have occurred when the meter was removed in 1999, more than two years before the Lot 6 inspection. Yet, the Company apparently wants to charge Mr. Gasser, who requested the retirement of the Vine property service line, \$321 to retire the line, and retire the Lot 6 line that, according to the Company's rationale for the Inactive Gas Service Retirement Policy, has had a more recent safety check than the Vine property. These facts cast doubt on the notion that the Company's application of its Inactive Gas Service Retirement Policy is tied to safety issues.

Q. At page 6 of his testimony, Mr. Eagle states that IP's Inactive Gas Service Retirement Policy recognizes that a service could inadvertently be removed prior to 24 months after the date the meter was removed, and that in the event the utility service line is removed prior to 24 months after the meter removal date and the customer requested gas service within 36 months of the meter removal date, IP would re-install the service at no cost to the customer. Do you believe this provision of the policy helps customers such as yourself?

A. No, I do not. It does a trailer park owner such as myself, or any property owner for that matter, little good if we are unaware the policy exists. As I've testified previously, no notice was given to me that the Inactive Gas Service Retirement policy exists. If IP "inadvertently" removes or retires a service prior to 24 months after meter removal, I have no opportunity to adjust my rental

business to accommodate the 36 month meter-request deadline if I don't know such a policy exists.

Q. At page 7 of his testimony, Mr. Eagle notes that service was activated at Lot 6 of Kool Valley Park on or around April 12, 2000. Was there a structure at Lot 6 at that time?

A. No, there was not.

Q. Is it your understanding that IP will not install service at a location where there is no structure?

A. Yes, that is my understanding, based on both Mr. Eagle's testimony and the Company's responses to data requests.

Q. Please summarize again what relief are you seeking from the Commission?

A. Property owners like me who lease space to tenants must have the ability to provide natural gas service to the premises occupying the lot. Prospective tenants are likely to look elsewhere if I inform them that they must wait for the installation of a gas service line at a particular lot or, worse yet, that they will have to pay the \$837 to reinstate natural gas service at the location. I believe the Commission would have been interested in considering the viewpoint of a landowner like me before adopting such a policy. Had the Commission held a rulemaking to create uniform gas service line retirement standards for natural gas service providers throughout the state, an analysis of the financial ramifications associated with IP's vague policy could have been considered by the full

Commission. In addition, strict notice provisions to landowners could have been incorporated in whatever policy was eventually approved.

Notwithstanding my objections to IP's Inactive Gas Service Retirement Policy, I have indicated my willingness to pay the Company a just and reasonable rate for the inspection and monitoring of any inactive gas service lines at Kool Valley Park in order to avoid the removal of inactive service lines that fall within the Company's informal retirement policy. The Company refuses to provide such a service, which in my mind, contradicts its assertion that it needs to retire inactive lines because they are not inspected as often as active lines.

Given the Company's failure to provide notice regarding its new cutting and capping policy, the Company's duty to provide natural gas service as a monopoly utility, the lack of *formal* Commission approval for IP's gas service line retirement policy, its refusal to inspect and monitor the inactive service lines located at Kool Valley Mobile Home Park, and its arbitrary and discriminatory application of its Inactive Gas Service Retirement Policy, the Commission should order IP to:

- (1) replace, at its own expense, the gas service pipe removed at Lot 6, Kool Valley Mobile Home Park, Sparta, Illinois;
- (2) refrain from removing any additional gas service pipeline presently marked for removal at Kool Valley Mobile Home Park, including but not limited to the two locations now marked by IP for removal;

(3) hold public hearings on the issue of when and under what circumstances gas service lines should be retired, either through a formal rulemaking or other proceeding;

(4) order the Company to provide a service, at a just and reasonable rate, for the monitoring and inspection of inactive gas service retirement lines at property owners' request, should the Commission decide to permit the Company to apply its Inactive Gas Service Retirement Policy; and

(5) order such further relief as the Commission deems just and reasonable.

Q. Does this conclude your testimony?

A. Yes, it does.

Illinois Power Company
Ronald W. Johnson Data Request
Third Set – Items RJ-42 through RJ-64
Docket: 04-0191 Johnson vs. Illinois Power Company

Request 61: What is the Company's policy with respect to the "inspection and monitoring" of inactive gas service lines, as referenced in lines 45, 88 and 115 of Mr. Eagle's testimony? In other words, how often are inactive gas service lines inspected and monitored? How are they inspected and monitored? Please provide a copy of any documents in the Company's possession that explain this policy.

Response: Cathodically protected gas service lines require a leak survey once every 5 years and observance for atmospheric corrosion once every 3 years and generally inspected when the meter is read.

With respect to "provide a copy of any documents in the Company's possession that explain this policy," Illinois Power objects as it is overly broad and unduly burdensome. Notwithstanding this objection, please see the attached documents.

Information Provided By
Gene Eagle
Asset Manager – Gas Systems
For questions contact Tamara Evey at 217-424-6644

VI. Gas Leakage Surveys (cont.)

Note: Cathodically protected services from the transmission line shall, at a minimum, be flame ionization surveyed at intervals not to exceed 5 years from the date of the last gas leakage survey. Unprotected services shall be flame ionization surveyed once each calendar year, at intervals not to exceed 15 months.

Gas Leakage Survey Guide							
Type of Survey	Class Location	Frequency				Acceptable Survey Method	
		1x/year NTE 15 mos.	2x/year NTE 7½ mos.	4x/year NTE 4½ mos.	Once Every 5 Years	Flame ionization	Vegetation
Business District	n/a	X				X	
Public Building	n/a	X				X	
Residential Customer Yard Line (see Note 1)	n/a	X				X	
Unprotected Steel	n/a	X				X	
Cathodically Protected Steel and Plastic Pipe	n/a				X	X	
Odorized Transmission (see Note 2)	All	X				X	X
Unodorized Transmission	1, 2	X				X	X
	3		X			X	
	4			X		X	

NTE = Not to exceed

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Notes:

- (1) Flame ionization gas leak survey required once each calendar year, at intervals not to exceed 15 months, unless the primary fuel line can be proven to be cathodically protected or plastic, then the time interval **SHALL** not exceed 5 years.
- (2) Flame ionization survey required at intervals not exceeding 5 calendar years.
- (3) Special gas leakage surveys or intensified survey frequency may be performed to meet special conditions and physical characteristics of Company's system, such as earthquakes, blasting, floods, subsidence, or materials of construction.
- (4) A CGI and a probe-rod may be used for conducting gas leakage surveys.
- (5) Pipeline patrols may be performed in conjunction with leak surveys but **must** be documented separately in the Leak Survey System.

IV. Atmospheric Corrosion

All above ground sections of a steel pipeline system **SHALL** be inspected for atmospheric corrosion at intervals not exceeding 3 years. Monitoring of atmospheric corrosion should be accomplished as a part of pressure control station inspections and pipeline patrols, and during normal operating and maintenance work. Any corrosion found **shall** be documented on Atmospheric Corrosion Inspection, Form 319-20 (see CORR 2-11, Exhibit 2), or the equivalent (see CORR 2-11, Exhibit 3).

All new above ground installations should be coated at time of construction with an approved coating. If not, they **shall** be coated within 1 year of installation.

A. Corrective Action

Repairs, recoating, or replacement **shall** be completed within 18 months of discovery.

V. Internal Corrosion

When pipe is removed from a pipeline, it **SHALL** be inspected for internal corrosion and documented on the Pipe Examination Sheet, Form 319-19 (see CORR 2-11, Exhibits 1A & 1B). Corrective action **SHALL** be taken if internal corrosion is found.

- The adjacent pipe **SHALL** be inspected to determine the extent of internal corrosion.
- Replacement or repairs **SHALL** be made under the same criteria for general corrosion and localized pitting corrosion.

VI. Training

A. Engineering Representative

The Engineering Representative Training Program should provide training in corrosion theory, design, and field practices.

Engineering Representatives, responsible for corrosion work, should attend the Purdue Corrosion Short Course (or equivalent) at least twice and complete all the basic corrosion topics within 5 years.

An annual corrosion meeting should be conducted for the purpose of continued formal corrosion training for personnel directly involved in corrosion activities.

Engineering Representatives beginning corrosion work should have at least 8 hours of on-the-job training with a qualified individual, or complete Module 1 of the Engineering Representative Training Program.

B. Gas Operations Personnel

Training programs for Gas Apprentices and Journeymen should include sessions on corrosion. Training should include, but not be limited to, the corrosion information in the Gas Standards.